GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:1685
ANSWERED ON:01.12.2011
AUDIT OF OIL COMPANIES
Rajukhedi Shri Gajendra Singh

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the Government proposes to audit the accounts of oil companies by the Comptroller and Auditor General to keep check on the arbitrary hike in prices of petroleum products by them;

(b) if so, the details thereof; and

(c) if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI R. P. N. SINGH)

(a) to (c): Under Section 619(3) & (4) of the Companies Act, 1956, accounts of Public Sector Undertakings are required to be audited by the Comptroller and Auditor General.

In order to insulate the common man from the impact of rise in international oil prices and the domestic inflationary conditions, the Government continues to modulate the retail selling prices of Diesel, PDS Kerosene and Domestic LPG. Their current prices are below the required market price, resulting in huge under-recovery to the Public Sector Oil Marketing Companies (OMCs) on the sale of these products. Based on the refinery gate price effective 16.11.2011 for Diesel and 01.11.2011 for PDS Kerosene and Domestic LPG, the OMCs are currently incurring under-recovery of Rs. 10.17 per litre on Diesel, Rs. 25.66 per litre on PDS Kerosene and Rs. 260.50 per cylinder on Domestic LPG.

The prices of other decontrolled petroleum products including Petrol are fixed by the OMCs on the basis of international oil prices and market conditions. Recently, due to decline in international price of Petrol, OMCs have reduced the price of Petrol by Rs.1.85/litre (excluding State VAT) effective 16.11.2011.